Improving Bilateral Relations with Vietnam

175. SHRIMATI JAYANTI PATNAIK: Will the PRIME MINISTER be pleased to state:

(a) whether Government have a proposal to improve bilateral relations with Vietnam:

(b) whether any bilateral talks have been held between India and Vietnam;

(c) whether any bilateral trade relations is proposed to be established between the two countries; and

(d) the details of amount of investment proposed to be made by both the countries for the purpose?

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI SALEEM IQBAL SHERWANI): (a) India has traditionally enjoyed a warm, cordial and close relationship with Vietnam. We have continued to develop and further strengthen this relationship which has recently received a fresh impetus with the official visit of the Prime Minister of Vietnam to India in early March, 1997. A Memorandum of Understanding on Cooperation in Environment and Forestry and three agreements viz. Trade; Bilateral Investment Protection and Soft Credit of Rs. 35 Crore were signed with Vietnam during this visit. Vietnam is a member of ASEAN. Our Full Dialogue Partnership with ASEAN has added yet another dimension to our existing close bilateral ties.

(b) India and Vietnam established, in Dec. 1982, a Ministerial level Joint Commission (JCM) for bilateral cooperation between the two countries which has been meeting periodically. The last (8th) session of the India-Vietnam JCM was held in Hanoi on 01-02 August, 1997. The JCM was co-chaired by Shri Saleem Iqbal Sherwani, Minister of State for External Affairs from the Indian side and by the Vietnamese Foreign Minister, Mr. Nguyen Manh Cam from the Vietnamese side. A small business delegation also accompanied the official side to Vietnam. During the JCM held in August, 1997 there was extensive discussion with the Vietnamese side on promotion of bilateral trade and expanding cooperation in Agriculture, Science and Technology, Small and Medium Industries.

During the visit of Prime Minister Shri P.V. Narasimha Rao to Vietnam in September 1994, India and Vietnam decided to set up a Joint Working Group (JWG) at Senior Officials level, under the aegis of JCM, with a view to undertake comprehensive review of bilateral economic relations and identify new areas of cooperation between the two countries. The last (3rd) meeting of JWG was held in New Delhi on January 16-17, 1997.

A Joint Business Council has also been established between FICCI and Vietnam Chamber of Commerce. It held kits last meeting in Hanoi in October 1995.

(c) Bilateral trade between India and Vietnam is presently governed by a trade agreement signed in March, 1997. In the past Indian exports to Vietnam have been mainly driven by credits extended by India. Since 1977, a total of Rs. 240 crores credit has been extended to Vietnam. The last Credit Agreement for Rs. 35 crores was signed in March 1997 for export of capital goods, relevant spares and services from India. Besides that EXIM Bank has extended two lines of credit totalling Rs 45 crores to Vietnam. During the past few years the balance of trade has been in India's favour as is apparent from the trade figures given below:

YEAR	India's Exports (Value in Rs. Crores)	India's Imports	Total Trade
1994-95	183.90	138.36	322.26
1995-96	416.01	51.82	467.83
1996-97	411.48	6.11	417.59

Major items of Indian exports to Vietnam are drugs and pharmaceuticals, machinery and instruments, rubber products, iron and steel products, transport equipment, oil mills and chemicals.The imports from Vietnam are limited to few products like raw silk, cashews, wood products, coal, coke and briquettes and non-ferrous metals.

Trade Promotion Activities: In September,1997, India Trade Promotion Organisation (ITPO) along with several Indian companies participated in the Engineering Products and Machinery Show in Hanoi. Vietnam has been taking part in India

International Trade Fair (IITF) regularly during the past six yeas. As part of the 50th Anniversary Celebrations of India's Independence, the Embassy of India, Hanoi is organising an exclusive "Pride of India" Exhibition in January, 1998 in which leading Indian companies, both from public and private sectors are going to participate.

(d) *Indian Investment in Vietnam:* The Vietnamese economy is undergoing rapid transformation wth an increasing participation of private sector. Indian companies have shown interest in Vietnam. Major projects set up in Vietnam by Indian companies are listed below:

(1) Oil and Natural Gas Corporation (ONGC) has established a US $ 41 million joint venture with Petro Vietnam for offshore exploration in Vietnam.

(2) M/s Ansal Properties and Industries have undertaken a real estate development project in Vietnam through a joint venture company.

(3) M/s Nagarjuna Corporation have invested in a sugar plant.

(4) M/s KCP Limited, Chennai bagged a US$ 8 million contract for supply and installation of sugar plant for M/s Vina Sugar, a state-owned Vietnamese Corporation.

(5) M/s KEC Limited, Mumbai has formed a joitn venture for construction, supply and erection of steel towers. Total value of the project is US$ 2.727 million with Indian equity of US$ 1.636 million.

(6) Siva Plastics, Chennai intend to set up a joitn venture in Vietnam for manufacture of polybags. The total cost of the proejct is US$ 200,000 out of which the Indian company would contribute machineries worth US$ 120,000.

(7) Rajshree Sugars & Chemicals Ltd., Coimbatore have been licensed by the Vietnamese Government for making a 100% investment in a sugar plant.

(8) Several Indian companies (viz. PEC, RITES, Cimmco, Indian Rayon etc.) have established their presence in Vietnam.

There is no Vietnamese investment in india.

Improving Bilateral Relations with South Africa

176. SHRIMATI JAYANTI PATNAIK: Will the PRIME MINISTER be pleased to state:

(a) whether Government have a proposal to improve bilateral relations with South Africa;

(b) if so, whether any steps have been taken by Government in that direction; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF EXTERNAL AFFAIRS (SHRI SALEEM IQBAL SHERWANI): (a) to (c) The close relations between India and south Africa are based on the pioneering role played by Mahatma Gandhi in establishing the foundations of the South African struggle; the sustained support provided by India to the struggle against apartheid; and the shared commitment to democracy in a multi-cultural society. Since the establishment of a democratic government in South Africa in may 1994, both countries have been engaged in an active programme of bilateral cooperation covering a wide range of activity. President Mandela paid two state visits to India in janaury 1995 and March 1997. Prime Minister visited South Africa in october 1997. Several high level visits have been exchanged, including that of our Vice President in may 1994 and of the Deputy President of South Africa in December 1996. A Joint Commission has been established and has met twice, several bilateral agreements have been concluded and bilateral trade has increased manifold. During President mandela's visit in march 1997 a historic Declaration on Strategic Partnership between India and South Africa was signed committing the two countries to a constructive partnership in the pursuit of their common objectives on strengthening bilateral relations, South-South Cooperation, preservation of the Gandhi heritage site in South Africa, UN reform, revitalisation of the Non-aligned Movement, etc. in his address to the South African Parliament on October 7, 1997 Prime Minister emphasised the need to